

RESPONSE TO SGX REGCO QUERIES REGARDING COMPANY'S ANNOUNCEMENTS MADE ON 25 APRIL 2025 AND 6 MAY 2025

The Board of Directors (the "**Board**") of Sinar Mas Land Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the offeree circular dated 25 April 2025 issued by the Company to its shareholders in connection to the voluntary unconditional cash offer by Lyon Investments Limited for all the issued and paid-up ordinary shares in the capital of the Company (the "**Offer**"), and the letter (the "**IFA Letter**") issued by W Capital Markets Pte Ltd (the "**IFA**") as the independent financial adviser to the Directors who are considered independent for the purposes of the Offer.

The Company notes that the Singapore Exchange Regulation ("**SGX RegCo**") has on 9 May 2025 raised the below two queries in respect of IFA Letter and the IFA's response to the articles in the Business Times announced on 6 May 2025 in relation to the Offer.

The Board has consulted the IFA and sets out below the queries raised by SGX RegCo and the IFA's responses to the queries from SGX RegCo (the "**IFA Responses**").

SGX RegCo Queries:

- "1) We refer to the IFA letter announced by the Company as part of the offeree circular on 25 April 2025 as well as the IFA's response to the articles in the Business Times announced on 6 May 2025. In relation to the holding company discount of 20% - 22%:
- a) We have noted W Capital's explanations on the rationale of applying a holding company discount. However, it is unclear how it derived the 20% - 22% figure. Please provide specific quantitative and qualitative details on how this 20% - 22% figure was derived.
 - b) W Capital noted that it is a commonly accepted practice to apply a holding company discount to the valuation of a holding company when using SOTP analysis. Please provide examples where such a discount was applied by IFAs for offers of SGX-listed issuers, and the quantum of the discount applied in those instances."

IFA Response to Query (1a)

"In arriving at the range of holding company discount used in paragraph 7.9.3 of the IFA letter, W Capital Markets Pte Ltd ("**W Capital Markets**") has considered the mean and median discounts of the closing share price of 11 SGX-listed mid to large-cap conglomerates (which includes companies in the property sector such as Capitaland Investment Ltd, City Developments Limited and Wee Hur Holdings Ltd (the "**Property Conglomerates**")) as at 27 March 2025 (being the Offer Announcement Date) to the SOTP-based target price derived by the respective research analysts of 19.5% and 24.0% respectively, as set out in the table below:

Holding Company Discounts Analysis

	Date of analyst report	Company	Analyst	SOTP Target Price	Closing share price as at 27/3/25	Discount of Closing Share Price to SOTP Target Price (%)
1	17-Mar-25	SingPost	Maybank	0.770	0.585	24.0%
2	17-Mar-25	Capitaland Investment Ltd	Phillip Capital	3.650	2.77	24.1%
3	10-Mar-25	Wee Hur	Phillip Securites	0.620	0.515	16.9%
4	4-Mar-25	Sembcorp Industries	Maybank	7.100	6.37	10.3%
5	27-Feb-25	Hong Leong Asia	DBS	1.600	1.21	24.4%
6	19-Feb-25	Singtel	Maybank	3.720	3.4	8.6%
7	7-Feb-25	Keppel Ltd	Phillip Capital	8.000	6.9	13.8%
8	15-Jan-25	DFI Retail Group	RHB	2.700	2.44	9.6%
9	26-Nov-24	City Developments Limited	RHB	7.300	5.03	31.1%
10	25-Nov-24	Thai Beverage	RHB	0.710	0.515	27.5%
11	15-Nov-24	Boustead Singapore	OCBC	1.390	1.05	24.5%

All Conglomerates

Median	24.0%
Mean	19.5%

Property Conglomerates

Median	24.1%
Mean	24.0%

In addition, it is noted from the above that the Property Conglomerates has an implied holding company discount of approximately 24%. In view of the above analysis, W Capital Markets has applied a holding company discount range of 20% to 22%, which it deems to be a reasonable range to adopt."

IFA Response to Query 1(b):

"Precedent examples where holding company discounts were applied in SOTP analysis for offers of SGX-listed issuers includes: (i) voluntary delisting circular dated 18 May 2023 of Golden Energy and Resources Limited – holding company discount in the range of between 10% to 25%; and (ii) scheme of arrangement circular of Japfa Ltd. dated 28 March 2025 – holding company discount of 20% to 23%.

W Capital Markets also notes that for IFAs that have used the SOTP approach in their analysis for offers of SGX-listed issuers, the IFAs will typically acknowledge in their IFA letters that there is sound basis that a discount may be applied to a SOTP valuation. Some examples of such disclosure include the following:

(A) *Offer of WBL Corporation Limited (2019), whereby the IFA has stated:*

"Shareholders should note that a discount may be applied to the sum-of-the-parts valuation of a conglomerate such as the Group for various reasons. In an efficient capital market, investors can generally achieve a more effective diversification by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate."

(B) *Scheme of Arrangement of Keppel Telecommunications & Transportation Ltd (2019), whereby the IFA has stated:*



“The Independent Directors should note that a discount may be applied on the SOTP valuation of a business with diversified operations for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a diversified business investing in a range of diverse businesses. A valuation discount may also be applied as diversified businesses are generally believed to use capital less efficiently.”

(C) *Scheme of Arrangement of Singapore Press Holdings Limited (2022), whereby the IFA has stated:*

“The Independent Directors (which, for the avoidance of doubt, excludes the Relevant Directors) should note that a discount may be applied on the sum-of-the-parts valuation of a conglomerate such as SPH for various reasons. In an efficient capital market, investors can generally diversify more effectively by purchasing a portfolio of stocks of focused firms as compared to purchasing stocks of a conglomerate investing in a range of diverse businesses. A valuation discount may also be applied as conglomerates are generally believed to use capital less efficiently.”

Furthermore, it is a commonly accepted practice to apply a holding company discount to the valuation of a holding company when using SOTP analysis, though research analysts may arrive at or adopt different holding company discounts based on their own professional judgement as there is no official or comprehensive empirical source for such discounts. Based on publicly available research analyst reports where a holding company discount was applied in the SOTP valuation, we note that:

- (i) research reports on Singapore Telecommunications Limited issued by DBS and Maybank whereby the analysts applied a holding company discount of 20% and 25% respectively in their SOTP analysis;*
- (ii) a research report on Sembcorp Industries Ltd issued by Maybank whereby the analyst applied a holding company discount of 15% in the SOTP analysis; and*
- (iii) a research report on Singapore Post Ltd issued by Maybank whereby the analyst applied a holding company discount of 15% in the SOTP analysis.”*

Directors’ Responsibility Statement

The Directors (including any who may have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the IFA Responses), the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, reflected or reproduced in this Announcement.



By Order of the Board
SINARMAS LAND LIMITED

Robin Ng Cheng Jiet
Director
13 May 2025